

## Message Text

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15

ACTION EB-07

INFO OCT-01 AF-10 NEA-10 ISO-00 AGR-10 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-03 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 DODE-00 PA-02 USIA-15 PRS-01 L-02

H-02 SWF-01 /119 W

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R 190919Z NOV 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1541

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY AMMAN

AMEMBASSY KHARTOUM

UNCLAS KUWAIT 4979

EO 11652: NA

TAGS: EALR EAGR EFIN KU XF XA

SUBJ: ARAB INVESTMENTS UNION TO FLOAT TWO COMPANIES

1. NOV 19 KUWAIT TIMES REPORTS THAT CAIRO-BASED ARAB INVESTMENTS UNION WILL FLOAT TWO LARGE JOINTLY-FINANCED, INTER-ARAB COMPANIES. QUOTING AIU CHAIRMAN MAHMOUD ISMAIL WHO HELD PRESS CONFERENCE HERE NOV 18, NEWSPAPER REPORTS THAT ONE COMPANY WILL HANDLE INVESTMENTS IN ARAB WORLD AND AFRICAN COUNTRIES WHILE THE OTHER WILL HANDLE AGRICULTURAL LAND AND FOODSTUFFS. ISMAIL SAID EACH COMPANY WOULD EVENTUALLY BE CAPITALIZED AT KD 300 MILLION.

2. THE INVESTMENT COMPANY WILL BE BASED IN ALEXANDRIA AND WILL HAVE AN INITIAL CAPITALIZATION OF KD 11 MILLION (KD 1 EQUALS \$3.38). OWNERSHIP WILL BE HELD BY A CONSORTIUM OF EGYPTIAN, SUDANESE, JORDANIAN, KUWAITI AND SAUDI ARABIAN BANKS, BUSINESSES

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AND INDIVIDUALS. COMPANY INTENDS CONCENTRATE IN REAL ESTATE

VENTURES AS WELL AS PROMOTION OF DEVELOPMENT IN ARAB AND AFRICAN COUNTRIES INCLUDING HOSPITALS AND EXPLOITATION OF MINERAL RESOURCES.

2. ISMAIL DID NOT SAY WHERE SECOND COMPANY WOULD BE BASED. HE SAID ITS INITIAL CAPITALIZATION WILL BE KD 14 MILLION AND WILL DEAL EXCLUSIVELY WITH BUYING, SELLING AND LEASING OF AGRICULTURAL LANDS AND WITH PRODUCTION OF FOODSTUFFS.

3. COMMENT: IT APPEARS THAT TWO MORE INSTITUTIONS BEING ESTABLISHED TO CHANNEL SURPLUS ARAB FUNDS INTO CAPITAL DEFICIENT ARAB AND AFRICAN COUNTRIES. WE NOTE THAT ANTICIPATED ACTIVITIES IN MINERAL EXPLOITATION AND AGRI-BUSINESS AS WELL AS FOCUS ON AFRICA ALL MEET CURRENT KUWAITI INVESTMENT PRIORITIES. NOT CLEAR FROM PRESS REPORT WHEN TWO COMPANIES WILL APPROACH BILLION DOLLAR SIZE ENVISAGED FOR EACH BUT ISMAIL'S REMARKS SUGGEST THAT LONG RANGE PLANS ARE AMBITIOUS, AND THEREFORE DEVELOPMENT OF TWO COMPANIES WOULD SEEM TO WARRANT OUR CONTINUING ATTENTION.  
STOLTZFUS

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## Message Attributes

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